

# *How to measure customer satisfaction*

A tool to improve the experience of customers

November 2007



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Henley Centre for Leadership & Governance

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# Introduction



This document is a customer satisfaction measurement 'toolkit'. It is designed to help public service providers improve the experiences of their customers by understanding how to undertake effective customer satisfaction measurement. The toolkit considers the process of measurement from customer research and analysis through to the implementation of a service improvement strategy.

The toolkit is designed for 'service owners' within government, and those in the research, insight and policy communities who are responsible for implementing a programme to measure and monitor customer satisfaction. It can be read alongside a sister publication, *Promoting Customer Satisfaction: Guidance on Improving the Customer Experience in the Public Services*, which has been written to support the process of Transformational Government and the drive towards improved service delivery. With the introduction in CSR 07 of a cross-government Service Transformation Agreement<sup>1</sup>, departments, agencies and local government need to show how they are improving customers' experiences of their services. Together the Guidance and Toolkit set out how public service providers can begin to do this.



The toolkit has been commissioned by the Customer Insight Forum (CIF), within the framework of Transformational Government, and follows on from the Primer in Customer Insight in Public Services.<sup>2</sup> The CIF was first formed as an informal network in 2006, following publication of the Transformational Government strategy, to promote best practice in the use of customer insight across Government. It now has a more formal and active role in the implementation and governance of service transformation. The toolkit and guidance have both been developed and produced by BMRB Social Research and Henley Centre HeadlightVision.



**READER'S GUIDANCE:** This toolkit is intended to be accessible to all those involved in conducting or interpreting customer satisfaction measurement. As such there may be some sections which cover areas that the reader is already familiar with. In particular, research professionals may find that the overviews of data collection and sampling approaches summarise rather than provide detail in these potentially complex areas. For more detailed information about methodological issues please see the Government Social Research Unit's Magenta book.<sup>3</sup>

<sup>3</sup> The Magenta Book: Guidance notes for Policy Evaluation and Analysis: [http://www.gsr.gov.uk/professional\\_guidance/magenta\\_book/](http://www.gsr.gov.uk/professional_guidance/magenta_book/)

# 1

## *Why should we measure customer satisfaction and who should be involved?*

**The experience that customers have of services can be explored in various ways. Qualitative research techniques can be used to better understand a service through the customers' eyes, and to explore in depth their experiences and expectations. Quantitative research can provide numerical measures of customer satisfaction and statistically representative findings to assess the performance of a service and provide information to drive improved service quality. This is referred to as Customer Satisfaction Measurement and is our focus here.**

Customer satisfaction measurement involves the collection of data that provides information about how satisfied or dissatisfied customers are with a service. As well as providing an organisation with 'scores', the data can be used to understand the reasons for the level of satisfaction that has been recorded. This information can be collected and analysed in many different ways. This toolkit explores the basic processes and the relative benefits of different approaches.

Customer satisfaction measurement is a questionnaire-based research approach. However, for quantitative measurement to be effective, it will generally need to be preceded by qualitative research to explore the key features of a service from the perspective of the customer. Customer Journey Mapping and other techniques that do this are discussed in detail in the CIF publication on this subject.<sup>4</sup>

### *1.1 Why should we measure satisfaction?*

While good research can be used for performance management and/or to meet statutory requirements, the most successful customer measurement programmes are motivated by the desire to put customer focus at the heart of an organisation. Customer-focused organisations view customer satisfaction measurement as a means rather than an end – as part of a cycle of continuous improvement in service delivery, and as part of the wider toolkit of customer insight techniques. Many organisations regularly track their levels of customer satisfaction to monitor performance over time and measure the impact of service improvement activity.

Customer satisfaction measurement allows an organisation to understand the issues, or key drivers, that cause satisfaction or dissatisfaction with a service experience. When an organisation is able to understand how satisfied its customers are, and why, it can focus its time and resources more effectively.

Customer satisfaction measurement may also enable an organisation to understand the extent to which satisfaction with a service is influenced by factors outside of its control (such as the media) and to differentiate between what people say influences how satisfied they are, and what is really driving their satisfaction during a service experience. *Customer satisfaction measurement can help an organisation understand what it can and cannot control.*

Most importantly, customer satisfaction measurement helps an organisation focus on its customers, and should galvanise service owners, customer-facing staff, policy, strategy and research staff, as well as senior management, around the aim of improving the customer experience.

## 1.2 Who should be involved?

The most important stakeholders in customer satisfaction measurement are, of course, the service customers themselves. From an internal perspective, however, there are a number of professional groups whose involvement in the research will ultimately determine whether or not it is effective. The customer measurement programme itself may be executed by the research community within an organisation, but for implementation to be effective it needs to be 'owned' by the organisation:

- **Senior management** can make the difference between good research that remains unused and genuine service transformation. The involvement of senior management not only signals that the work is viewed as strategically important, it also means that those who have the power to act on the findings are more likely to do so.

- **Political leaders** are important to help agree and articulate the policy commitments in terms of service improvement that can be undertaken as a result of the findings. In particular, the early involvement of politicians in recognising the need

to improve customer experience can lead to more timely action on the findings of the research. This is particularly important in local government where the leadership tends to be more closely involved in service design and delivery.

- **Policy and Strategic staff** should use the findings to support strategic decision making.

- **Research and Insight staff** will need to analyse the data and share findings effectively.

- **Communications staff** should be involved in communicating the research findings and resulting actions to internal and external audiences, including customers.

- **Operational management** need to understand how the findings can be applied to their area of responsibility. Customer satisfaction measurement will give a sense – at a very tactical level - of how customers feel about the service they are providing and the performance of staff involved in delivery of the service. Service directors need to understand why they are obtaining these results and how they can be used to drive forward improvements in delivery.

- **Customer-facing staff** are incredibly valuable in customer research programmes for many reasons.

From their day to day work, customer-facing staff will have ideas about how customers view the experience of a service and the reasons why experiences are satisfactory or not. When preparing the way for customer research, it is important to tap into this insight as it can guide the focus of the work and provide valuable material for questionnaire development. Customer-facing staff are also critical stakeholders when it comes to implementing the results of customer satisfaction measurement: it will often be their job to deliver the changes which can bring improvements in the customer experience. Their commitment and buy-in is essential.

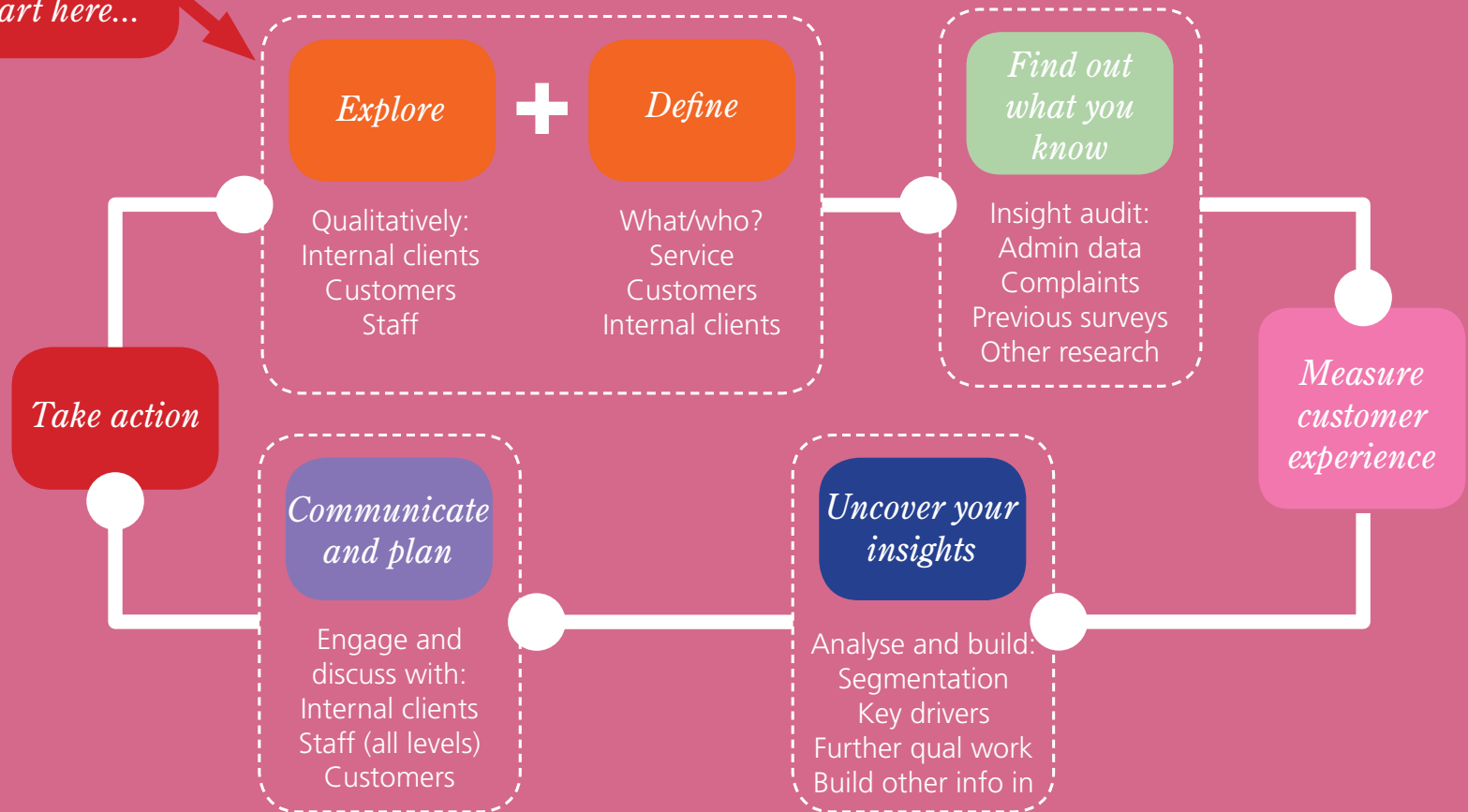
Our research found that there is much excellent customer satisfaction measurement already being undertaken across central and local government. However, only a small proportion of this work is being used to drive service transformation. A basic rule of thumb is – if you don't have the full support and involvement of key internal stakeholders, your research programme will not be effective.

# 2

## What will the process involve?

What will the process involve?

First Time?  
Start here...



Service Transformation Cycle



## 2

## *What will the process involve?*



**Measuring customer satisfaction is just one stage in a continuous programme of service transformation. For organisations new to this process, the first stages require a review of what the service provides, where it sits in context with other related services in customers' minds, who its customers are and what information about the customer experience is already available.**

**After this, qualitative research should be conducted with customers and staff to highlight key issues that the survey will need to capture. At this point decisions will need to be made about which customers should be interviewed and what methods should be used.**

Once the survey has been conducted the data will need to be interpreted to provide actionable insights for the organisation. Finally, the results will need to be communicated across the organisation in such a way that the findings are taken on board and action taken as a result. For many organisations this process will form a continuous cycle of improvement.

For further guidance on embedding customer insight in your organisation, see the Customer Insight Forum's paper *Establishing an Effective Customer Insight Capability in the Public Sector*.<sup>5</sup>

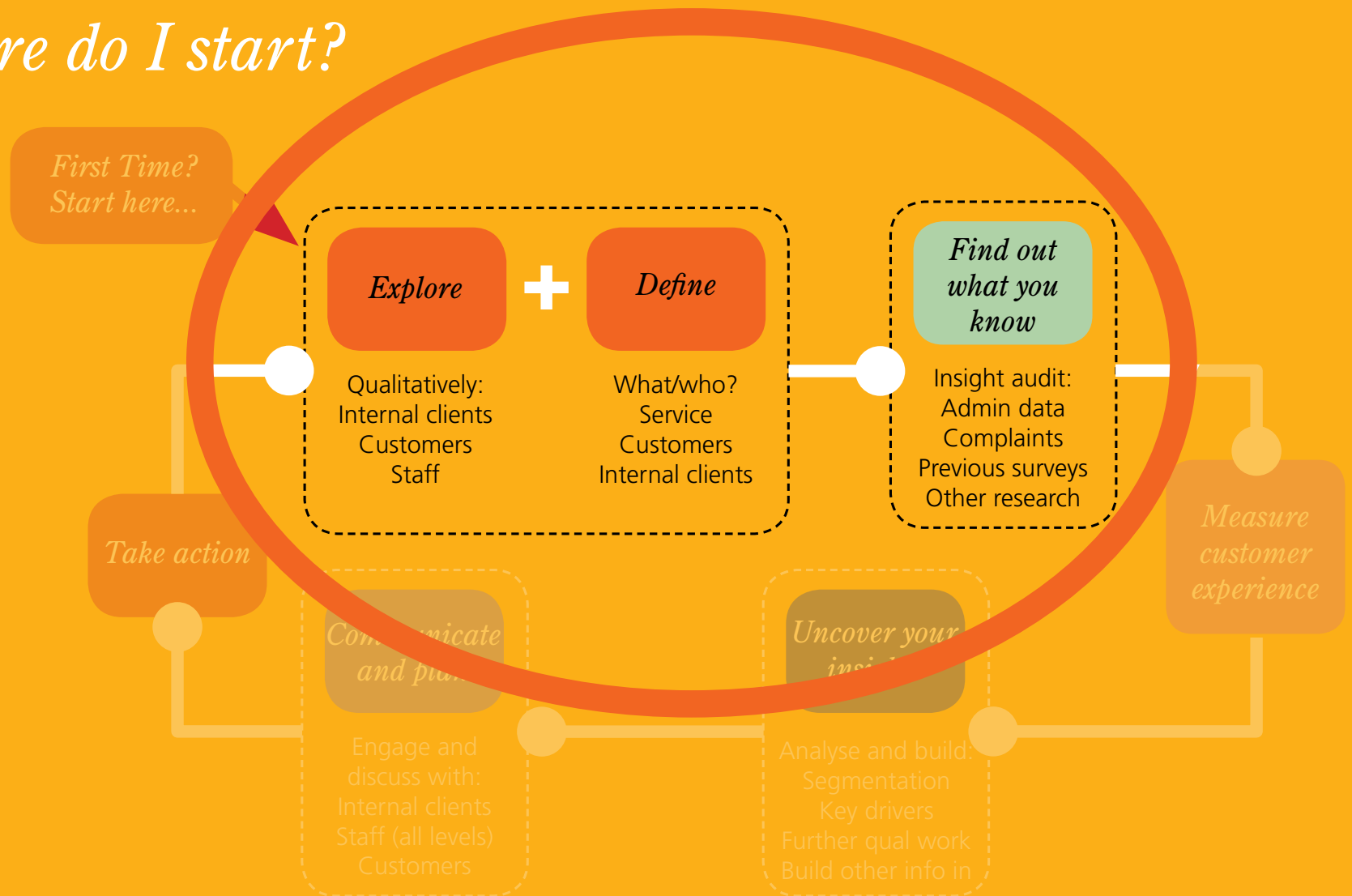
The Government Communication Network's Engage programme also provides an excellent framework for the effective use of customer insight, taking well tried principles of strategic communication and adapting them for Government to develop communications that shift attitudes and change behaviours.<sup>6</sup>

<sup>5</sup> Establishing an Effective Customer Insight Capability in Public Sector Organisations, Cabinet Office, January 2007: [http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/publications/delivery\\_council/word/emerging\\_principles.doc](http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/publications/delivery_council/word/emerging_principles.doc)

<sup>6</sup> Further information on the Engage programme is available at: [http://www.cabinetoffice.gov.uk/government\\_communication/engage.aspx](http://www.cabinetoffice.gov.uk/government_communication/engage.aspx)

# 3

## Where do I start?



# 3

## Where do I start?



**For organisations that are new to customer satisfaction measurement, getting started can seem a daunting task in itself. As a first step, it involves understanding what customer satisfaction measurement can do for your organisation and making sure that your key internal stakeholders understand this as well as the research community. After this, there are a series of (quite straightforward) issues to consider on the road to designing or commissioning a research programme.**

This section provides a check list of questions to answer before starting to measure customer satisfaction. All organisations, whether they are already carrying out customer satisfaction measurement or are relatively new to it, should consider these points to ensure that they are spending taxpayers' money wisely.

Broadly speaking there are four questions to address, and we will go through each of these in turn in more detail:

- How do I define my service ?
- Who are my customers?
- What do I know already?
- What else can I find out?

### 3.1 How do I define my service?

Defining the service that the organisation (or relevant part of it) provides will help inform everything else. The most fundamental things that an organisation should consider are what its service is and what vision it has for it. Among the more specific issues to consider when measuring customer satisfaction are:

- How do customers come to use my service?
- Does my service involve an outcome that is likely to affect satisfaction ?
- Do customers pay for my service or is it 'free at the point of delivery'?

- Are my customers involved in simple or complex interactions with my service?

- How do customers interact with my service?

- Do customers define my service in the same way that I do?

The answers to these questions can influence both customer perceptions of the service and the way in which the customer satisfaction measurement programme is designed, conducted and analysed. It is therefore important to think through these issues before designing or commissioning customer satisfaction measurement.

#### How do customers come to use my service?

The answers to this question may seem obvious, and will be for some types of service, but it is worth asking as part of the process of defining your service. One of the key issues to consider here is that of customer choice – for example, is the service one that customers opt in to (such as dental services or NHS Direct), one that is universally provided (such as refuse collection) or one that customers are required by law to use (such as vehicle tax)? Whichever of these applies, is your organisation the sole provider of the service or can the customer choose between different providers?

The HMRC Customer Service Survey divides customers into 13 different groups based on their service interactions. This allows the survey to provide more meaningful and actionable results as information is gained about each group on the specific experiences they have.

Choice and competition are almost always present in private sector product and service provision, but often not in public sector provision, and this is one of the key features that distinguishes the two in relation to measuring customer perceptions.

#### **Are my customers involved in simple or complex interactions with my service?**

Whether a service involves one or two simple 'one-off' transactions or a complex set of ongoing interactions between the customer and service provider will have a strong bearing on how customer satisfaction measurement should be conducted. An example of a service involving relatively simple transactions is the passport application service provided by the Identity and Passport Service (IPS). Most customers contact the IPS to apply for or renew passports and can be interviewed in a relatively straightforward way about their experience of the application process. HM Revenue and Customs (HMRC), on the other hand, provides a more complex service (a variety of taxes, duties and benefits with interactions of varying levels of complexity) and the way in which questions are asked of the customer about the service they have experienced needs to take this into account.

However, even more complex services can be broken down conceptually into single interactions to better understand and define the service. Before designing a customer research programme, consider whether it is better to conduct a single survey for all customers or separate surveys for different customer groups. If service experiences are likely to differ radically for different customer groups, a more customised approach may yield a greater depth of understanding at the analysis stage .

#### **Do customers pay for my service or is it 'free at the point of delivery'?**

Customers may have different expectations of a service which they pay for directly and one which is paid for through general taxation (but may be perceived as 'free'). This affects the way in which the findings need to be viewed; it also impacts on the type of research techniques that can be used. For example, if a cost can be assigned to different levels of service, then there are research techniques that ask customers to 'trade off' cost against various service elements, helping an organisation understand more about what their customers value.

#### **Does my service involve an outcome that is likely to affect satisfaction?**

Outcome can influence satisfaction. For example, a service that is universally available (e.g. Child Benefit) is likely to be perceived differently from a service where there is judgement on which customers are eligible (e.g. Tax Credits, Incapacity Benefit). Similarly, the outcome of a civil or criminal court case will influence the satisfaction of the parties involved in the case and the outcome of a planning application will affect the perceptions of the applicant and other interested parties in the application process. For many services, then, the effect of the outcome on the customer's perceptions of the service needs to be taken into account when measuring customer satisfaction.

#### **How do customers interact with my service?**

The way in which customers interact with a service varies (e.g. face to face in a local office, over the telephone or by submitting forms online or in the post) and customers may each use a variety of channels. The channels that are used will impact on decisions about which data collection methods to use, as well as on the levels of satisfaction with the service. If a service is largely provided online, for example,



online data collection is a viable and even desirable option. Likewise, if the majority of interactions take place in person or by telephone, then online data collection may not be viable, especially if a significant minority of customers do not have access to the internet.

It is important to recognise that customer needs vary by channel. For example, customers making a payment online may place an emphasis on security and instant confirmation of the transaction, whereas customer satisfaction with the same payment transaction over the telephone may be affected by being kept in a queue or being asked to press additional number options, rather than being able to speak to a call centre agent straight away.

### **Do customers define my service in the same way that I do?**

When assessing what needs to be measured it is important to understand whether the customer defines the service in the same way as the service provider. For example, the customer's definition of the service may cross organisational boundaries and the contribution of different agencies or departments will need to be taken into account; the organisation may

think of the customer as the recipient of a range of different services that it provides, while the customer may think of the services as distinct and unrelated. In some cases the customer may not even know who provides the service.

The best way to explore how customers define the service is through qualitative interviews with customers, using techniques such as Customer Journey Mapping and to tailor questionnaire content and language accordingly. However, it should be recognised that there may be instances where it is not realistic to expect customers to be able to differentiate between organisations or understand some of the complexities of how services are delivered even after extensive questionnaire development.

**Many public services are accessible via a variety of channels and it is important for an organisation to understand which customers are using which channels and to design their customer satisfaction research programme accordingly..**

Research commissioned by the Ministry of Justice involved speaking to the relatives of murder victims as part of an evaluation of the Victims Advocate scheme. Given the complexity of the subject and the issues arising from it the decision was made to conduct the evaluation using qualitative face to face interviews.

### 3.2 *Who are my customers?*

Having defined the service, you now need to work out who your customers are. In the public sector this can be a matter of some debate. The view we take here is that a customer is somebody who is a direct recipient of a service, as distinct from a *citizen*, who will typically be a stakeholder (for instance a taxpayer) who may not have a direct connection with the service at that time. For example, even though an individual may not have any children of their own they still have an interest in having an education system that is efficient and that provides the skilled workers for the future. Their views matter, but it is customers rather than citizens that are the focus of this toolkit.

Definitions of ‘customers’ for the purpose of customer satisfaction measurement may range from all residents in a local authority area to people who have had recent involvement with a specific service.

Some organisations may have customers with whom they have virtually no contact. For example, child benefit recipients may have no need for contact with HMRC following their initial application, whilst Tax Credit recipients have regular contact with HMRC each year. When customers have very little contact with a service it may be best to exclude them from the

survey and to focus on getting feedback from those who are better placed to comment on the service and so inform service transformation.

The needs of different customers will also have an impact on the research design. Particular attention should be given to customers who are vulnerable or hard to reach. Services provided for these customers may be so different from those for mainstream service users that it is advisable to look at their experiences separately. By doing so an organisation can focus measures on service aspects that are critical for these groups even if the majority of customers never access them (for example translated materials or adapted services for customers with disabilities).

If the experiences of these customers are particularly complex it may be worthwhile conducting exploratory qualitative research rather than attempting to interview them in a larger scale quantitative survey.

For further discussion on how customers should be defined, see the Cabinet Office publication: *Customer Insight in Public Services: A Primer*.<sup>7</sup>

### **Customer segmentation**

Segmentation involves grouping customers based on who they are and how they interact with an organisation’s services. Once customer segments have been established within an organisation they can then be used to better target operational resources. In addition to this they can also provide a common framework and language for referring to customers within an organisation. A segmentation is an approximation – a tool that can allow an organisation to use internal ‘short hand’ when talking about their customers.

Customers can be segmented in a multitude of ways. At its simplest level, a segmentation may be based on service usage. For example, Acas conducts customer feedback surveys on key service areas of their delivery such as individual and collective conciliation; advisory services; and training events. More sophisticated segments can be derived from administrative data or previous research. Some segmentations are based on demographic or attitudinal characteristics, or a combination of both. Exploratory qualitative research can also be used to tease out how different customers use a service.

If an organisation has already identified customer segments, it is generally helpful if customer



satisfaction measurement is compatible with these definitions.

For further reading on segmentation see *Customer insight in public services: A Primer*<sup>8</sup> or the Local Government Association *How to guide to segmentation for Local Authorities*.<sup>9</sup>

### 3.3 What do we know already?

Most organisations have a range of information that can help identify the strengths and weaknesses of the current service being provided, even if it only provides a partial picture. Taking time to understand the information already available before undertaking customer satisfaction measurement should ensure that unnecessary research is not commissioned and that any research that is carried out is fully informed and relevant. More information on the 'insight audit' approach can be found in chapter 3 of the Guidance.

Taking time to understand what it already knows can help an organisation with the design of any research and in understanding the results .

#### Key questions to be considered include:

- a Is my organisation currently monitoring customer satisfaction?
- b Is my organisation currently reporting a high level of customer satisfaction?
- c Are there specific issues with our service at the moment that we currently know about?
- d Where is my organisation in the journey of improving customer satisfaction?

### *Sources of information include*

#### ● **Administrative data**

Administrative data can be a rich source of information for organisations. This can include

- call volumes data e.g. waiting times, 'hang-ups' and answered calls,
- website statistics e.g. number of people visiting website, pages viewed and return visits,
- Applications data e.g. benefit claims over a period of time.

#### ● **Customer feedback**

Customer feedback (which might include complaints, suggestions and compliments) can be used to identify current areas for improvements as well as to inform areas to be included in customer satisfaction measurement.

#### ● **Mystery shopping data**

Many organisations conduct mystery shopping in order to monitor the services being provided to its customers. This can be a valuable source of information and can inform areas to be covered in customer satisfaction measurement.

#### ● **Existing survey data**

Taking time to find out what survey data already exists is a valuable process that is often overlooked. Different research may be carried out in different parts of the organisation. For example, within local

authorities many surveys have been carried out in addition to the Best Value Performance Indicator (BVPI) surveys. With improved communication and sharing of results this data could help inform other authorities or service providers of key issues for sub-groups of their customers. For further information on this subject see the report for the Local Government Association (LGA), National Consumer Council (NCC) and Improvement and Development Agency for local government (IDeA) *Customer Insight: developing customer satisfaction measures for local government services*.

<http://www.lga.gov.uk/Briefing>.

[asp?lsection=59&id=SXCD6A-A78492E4&ccat=1145](http://www.lga.gov.uk/Briefing?lsection=59&id=SXCD6A-A78492E4&ccat=1145)

For further discussion of some of the sources see the Primer in Customer Insight in Public Services.<sup>10</sup>



### 3.4 What else can I find out?

A 'due diligence' approach to customer satisfaction measurement requires some preliminary qualitative research. A small investment in exploratory qualitative research will help define the key areas that seem to relate to customers' satisfaction or otherwise, so that the quantitative research focuses on the right questions. This exploratory work might include:

- Qualitative research with **customers** to help define the service and to segment customers if applicable – e.g. focus groups, depth interviews, observation etc.
- Qualitative research with **key stakeholders** (heads of policy, strategy, insight and channel directors ) to help set the policy context and key objectives – e.g. interviews, meetings and consultation
- Qualitative research with **customer-facing staff** – e.g. interviews, consultation and even work-shadowing to enhance understanding of how the service works in practice. Staff will be able to highlight the areas that they see causing problems for customers on a regular basis. In addition, understanding the situation on the ground can provide context to the results and prevent

misinterpretation of findings that result from one-off events. For example, a particular problem in getting used to a new piece of software could coincide with a temporary drop in overall satisfaction levels, but not constitute a long term problem .

As part of the development work for the 2006 International Pension Service Customer Survey the researchers spent a day at the contact centre interviewing staff about the issues they faced and gaining a better understanding of the customer experience. This visit proved vital in both the development of the questionnaire and analysis of the results.

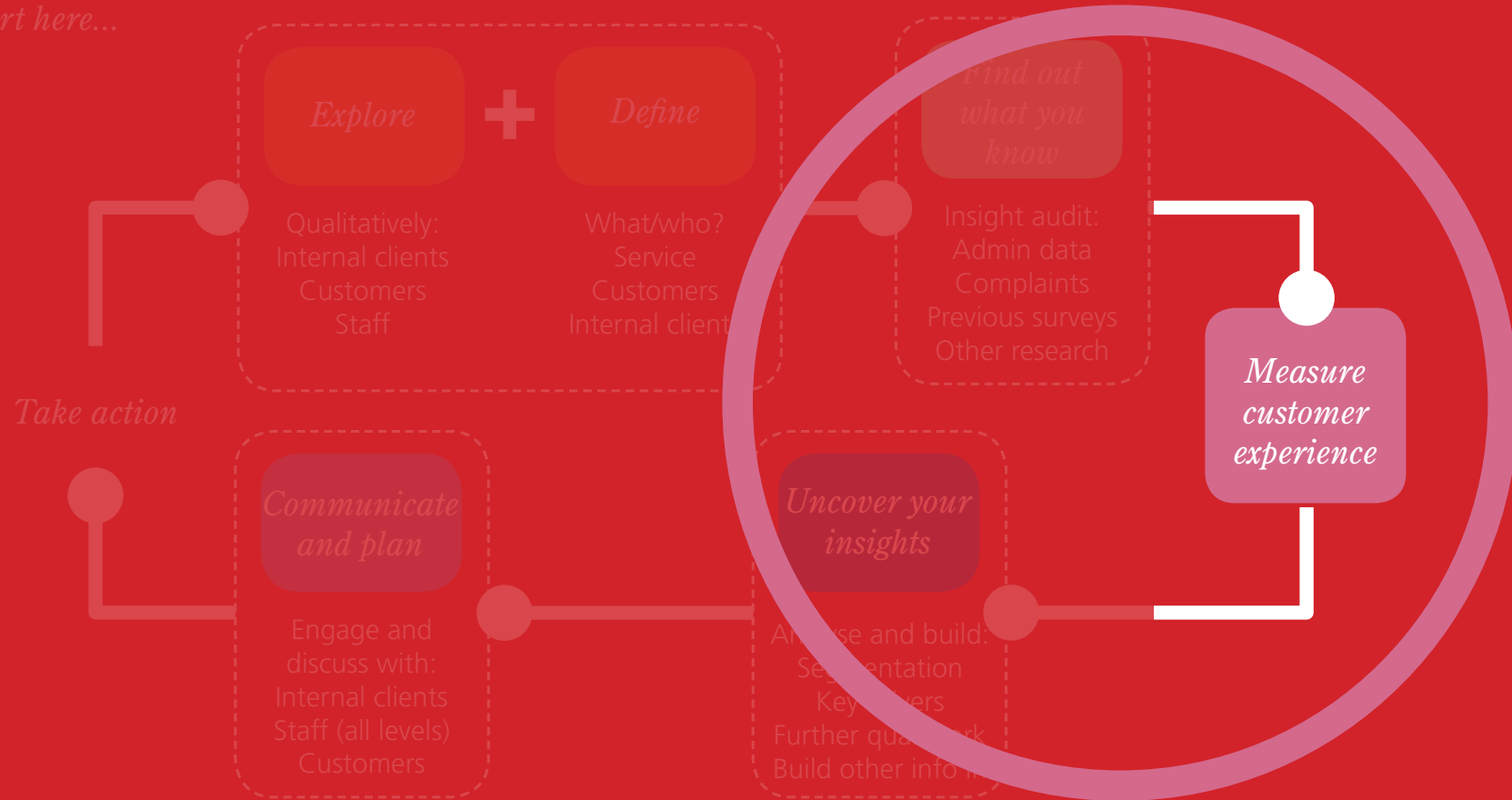


Qualitative research provides a deeper understanding of the customer experience but cannot be used to measure performance.

# 4

## How do I measure satisfaction?

*First Time?  
Start here...*



## 4 *How do I measure satisfaction?*



Once you have completed the preliminary stages described in Section 3, you can start to think about how satisfaction should be measured for your organisation.

There are three major decisions to be made:

- What should I ask?
- Who should I interview?
- How should I collect the information?

### 4.1 *What should I ask?*

The steps that you will already have taken to define your service and work out what you already know should have begun to shape your questionnaire. The next step is to think more in detail about the questions you should ask.

**The quality of the research findings will depend on the quality of the questions that are asked. You need to invest up front to spend wisely later on.**

### What types of question should be included?

There are four broad types of question that make up the majority of most customer satisfaction questionnaires.

- Overall rating measures
- Service-specific questions
- Customer priorities
- Customer characteristics

### Overall rating measures

Overall rating measures are questions where customers are asked to rate various aspects of the service (e.g. telephone call handling, the application process etc) and their experience of the service as a whole.

These questions generally use a rating scale of one type or other to summarise the customer's perceptions or feelings about a service or aspects of it. While there has been much debate within the research community about which scales work best in customer satisfaction measurement, there is no universally 'accepted wisdom' in this area. The report for the Office of Public Services Reform *Measuring*

& *Understanding Customer Satisfaction*<sup>11</sup> provides a discussion of different approaches and includes example questionnaires based on these approaches.

Overall rating questions in public sector research typically use satisfaction or performance scales, such as those shown below.

Q. How satisfied are you with....?	Q. How would you rate...?
● Very satisfied	● Excellent
● Fairly satisfied	● Very good
● Neither satisfied nor dissatisfied	● Fairly good
● Fairly dissatisfied	● Poor
● Very dissatisfied	

11 <http://www.number-10.gov.uk/files/pdf/MeasuringCustomerSatisfaction.PDF>

In the private sector, where choice and competition are more common, a 'likelihood to recommend' scale is often used, as shown below, and has been found to discriminate between customers more effectively than satisfaction or performance scales.

Q. How likely would you be to recommend...
<input type="radio"/> Definitely would
<input type="radio"/> Probably would
<input type="radio"/> Probably wouldn't
<input type="radio"/> Definitely wouldn't

This measure would be appropriate for public sector services where the customer has a degree of choice in whether or not to use the service, for example, in relation to advice services, schools, educational courses, dentists, etc. Variations on this theme could be used for other services, for example, "would you tell other people that this service was easy or difficult to use?"

### Service-specific measures

Overall rating measures provide a snapshot of how customers perceive the service as a whole and specific components of it, but do not explain why customers feel the way they do. While these measures might

'grab the headlines', what we have called **service-specific measures** are needed to fill in the gaps and ultimately will be more valuable in providing the insights that can lead to service transformation.

These questions focus on the details of the customer's experiences such as how many calls were needed before an enquiry was resolved; were they seen promptly; did they understand what to do; how easy were the forms to complete; and so on. The actual measures that an individual service should focus on will vary but can be identified in the exploratory stage of the research process. These service-specific questions can then be used as **diagnostic** measures to identify which elements of the service are responsible for problems from the customer's point of view.

**Ensuring that the key service elements are included is a critical part of the questionnaire development. The early steps taken to define the service should ensure that you have correctly identified what these are.**

### Customer priorities

Customer priorities can be identified in a number of ways as part of a survey. These include asking customers to rate the importance of service elements, to rank them in order of importance or to 'trade them off' against each other. However, while each of these approaches can be used in customer satisfaction measurement, they all have shortcomings.

Using an importance scale for public services is problematic because people have a tendency to rate almost all service elements as being important. This means that the survey results may not differentiate between 'hygiene factors' that are expected as a basic standard (providing accurate information, being polite, responding in a timely fashion etc) and factors that genuinely drive satisfaction.

Ranking the importance of service elements (e.g. putting them in order from most to least important) is problematic because people can find it difficult to make meaningful comparisons between more than four or five service elements. Furthermore a simple ranking exercise assumes that the distance between each pair of ranked items is equal, whereas in fact one or two service elements might be almost equally important and others cluster around the bottom of



If an organisation already has a customer segmentation in use, it is important that questions are included which can enable customer segments to be identified.

the list. There are techniques that can be used to overcome this problem, but ranking exercises remain problematic for the reasons outlined below.

Where a cost can be assigned to different levels of service, and customers can realistically be expected to prioritise components within a 'package' of options, there are research techniques that ask customers to 'trade off' cost against various service elements, helping an organisation understand more about what their customers value. 'Trade off' research (which often uses a statistical technique called conjoint analysis) is widely used in the private sector to design the optimal service offering for different customer groups. Some local authorities also use 'trade off' techniques to help them understand customer priorities for local services.

The fundamental problem with all of these techniques is that they assume that people are actually able to assess which aspects of a service are of most importance to them, whereas the impact of different elements on a customer's overall satisfaction level may be more subconscious. For this reason it is increasingly common in customer satisfaction measurement for customer priorities to be assessed indirectly at the analysis stage, rather than via direct questioning. This approach, using a technique known as **key driver**

**analysis**, not only frees up questionnaire space, but is widely thought to provide a more accurate indication of the aspects of service delivery that truly drive customer satisfaction. Key driver analysis is discussed in more detail Section 5.3.

### Customer characteristics

Recording customers' characteristics provides important context for understanding their service experience. The types of questions that should be asked will vary depending on the services provided by the organisation, but will usually include basic demographics such as sex and age. Using a consistent set of personal characteristics will enable you to bring together information from different surveys within your organisation and across organisations, for example to find out how different services are meeting the needs of a particular age group. The Customer Insight Protocol developed by the LGA, NCC and IDeA<sup>12</sup> recommends a common approach and identifies date of birth, sex, ethnic group and post code as essential information to capture in every survey.

### Are there any questions or topics I can borrow from elsewhere?

It is vital that the questionnaire should be tailored to your service and your needs. However, there is no need to fully re-invent the wheel with every survey. Experienced researchers will be familiar with other surveys and will have access to existing questions. Talking to contacts carrying out surveys in other public sector organisations can help save you work. Do not assume, though, that because someone else has used a question, it works! You still need to test it out in your survey (see Section 4.4) and make sure it is relevant to your organisation.

Research carried out in the UK with public sector organisations suggests that there are five themes that are likely to be relevant to all organisations:<sup>13</sup>

- Delivery of the service (how problems were handled, reliability, outcome etc)
- Timeliness (waiting times, number of times contacted)
- Information (accuracy, enough information, kept informed)
- Professionalism (competent staff, fair treatment)
- Staff attitude (friendly, polite, sympathetic)

<sup>12</sup> <http://www.lga.gov.uk/Briefing.asp?lsection=59&id=5XCAAA-A78492C2&ccat=1145>

<sup>13</sup> The Drivers of Satisfaction with Public Services, OPSR 2004

In Canada the Common Measurement Tool (CMT) provides a database of questions for organisations to use when designing surveys. Various batteries of questions are available for information about different contact channels. See the chapter 4 of the Guidance for more information on 'common measurement'. In the UK the Local Government Association, in association with the National Consumer Council, has produced a data protocol setting out common approaches for customer profiling and satisfaction measurement.<sup>14</sup>

These can be used as a starting point for questionnaire development where they are relevant, but it is important not to lose sight of the need to tailor the questionnaire to the particular nature your own service and to ask questions that are specific enough to produce actionable results.

If you want to **benchmark** the results with previous customer satisfaction results, or with results from other organisations, questions should be used that are common to the surveys you want to compare with. In particular, it is important that rating scales

(e.g. satisfaction) are consistent in both the text and the number of options for respondents to select. While there are techniques that attempt to compare surveys using different scales, these are generally unsatisfactory.

The benefits and drawbacks of benchmarking data over time and between organisations are covered in more depth in Section 5.4 and in the Guidance.

### How long should a questionnaire be?

Not as long as a piece of string, because the time and energy required from the respondent must be taken into account! The optimal questionnaire length will depend largely on the method of data collection and the complexity of the service. A rough guide for the maximum questionnaire length that should be used for the four main data collection methods is provided below.

- Online – 5 to 10 minutes
- Postal – 8 to 12 pages
- Telephone – 15-20 minutes
- Face to face – 30 minutes

When surveys are longer than this, it can be hard

to convince customers to complete them and levels of response can be low. Also, the quality of information that customers give declines dramatically if questionnaires are too long: customers may give little thought to their answers towards the end of the survey or simply not complete it. If customers perceive the service to be particularly important, the effect of questionnaire length is reduced and longer surveys are possible.



## 4.2 Who should be interviewed?

You should already have defined your customers, but one of the first decisions organisations have to make is whether to try to interview every customer or to interview a *sample* of customers. In most customer satisfaction measurement the decision is made to interview a sample, as the time and cost involved in interviewing all customers is too great. The exception is where the customer base is very small, in which case a 'census' approach is more feasible.

How can I find customers to interview?

There are a number of possible sources of customers for a survey, including:

- Your organisation's customer database
- Screening the general population or a sample of businesses
- Recruiting/interviewing customers as they access services

Most customer surveys take the first approach, as it is the most targeted way of reaching customers. An organisation will need to establish what customer

details they have recorded. In particular, whether address, telephone number and e-mail address are stored will determine which data collection strategies can be used.

If you do not have a list of customers available, then screening the general population or a sample of businesses may be cost effective provided that your customers make up a reasonably high proportion of the population.

A third option to consider is to interview customers as they are accessing services. This could take the form of an automated questionnaire at the end of a phone call, a pop up survey after visiting a website or an exit interview after accessing a service in person. Alternatively, an organisation may choose to record contact details as customers access services in order to interview them later. This will allow for longer questionnaires and may lead to higher rates of response, although it will add time and cost. One of the advantages of interviewing customers as they access services, or shortly afterwards, is that it overcomes problems of recall – the experience of the service is fresh in the customer's mind, so the feedback they give should very accurately reflect their actual experience.

### How should I sample my customers?

Customers can be sampled for a face to face or telephone survey using either a **probability** design or a **quota** design.

With a probability sample design a set number of customers are selected, using an appropriate random sampling method, and an attempt is made to interview all of them. This can involve calling back on the same individual several times until a final outcome for that individual (be it successful or not) can be recorded. The proportion of customers who are successfully interviewed is known as the **response rate** and maximising this is important to ensure the survey is representative. This approach also tends to take longer as multiple attempts have to be made to contact customers and persuade them to take part. A probability survey with a very low response rate might be less reliable than a well designed quota survey.

With a quota sample design a larger number of customers are selected initially (usually 5 to 10 times the number of interviews required) and it is not intended that an interview should be attempted with all of them. Instead fieldwork continues until a target number has been achieved. Various quotas are set on who is interviewed (e.g. by sex, age, type of customer

If customer details are held on a database that file will need to have been registered for research purposes as part of the Data Protection Act.

**The 2005 Jobcentre Plus Customer Survey used a quota sampling approach as it was felt that response rates would be poor and ensuring enough customers were interviewed from certain key groups was a high priority.**

etc) to ensure that the survey is representative of customers as a whole - if no quotas were set then those groups least likely to take part could be under-represented and the results could be misleading. With a quota-based design there is no reliance on response rate. It is possible to set quotas to represent the natural profile of customers, or to over-represent minority groups to allow their views to be recorded.

In a postal or internet survey, there is no way to control who responds to the survey. These surveys either depend on a high response rate or a judgement needs to be made about groups that are less likely to respond and larger numbers of these groups included in the sample. This approach then mimics a quota sample approach.

The decision about which approach to take will depend largely on issues relating to service type, resources and how the results will be used. In addition, if a customer satisfaction survey has been run before, and the results will need to be compared, it is a good idea to use a similar approach. An overview of what should be considered for each approach is included in the table below.

#### Probability

- Service is important to customers and response rates are likely to be high
- Survey findings need to be particularly robust for external scrutiny

#### Quota

- Service less important to customers and response rates are likely to be low
- Results are required quickly
- Resources are limited

#### How many customers should I interview?

Unless the number of customers is small enough to conduct a census, a decision needs to be made on how many people to interview. The questions to address include:

- How robust does your data need to be?
- What method of data collection are you using?
- What is the budget?
- What sub-groups of customer are you interested in?

It is impossible to give a number of interviews that will be suitable for a survey without first answering these questions. For the most robust results it is always best to interview as many customers as the budget allows for the data collection method that you are using. As a rule of thumb, you should not analyse results for a particular group of customers based on fewer than 100 interviews – even at this level any changes observed over time or between sub-groups will need to be relatively large (10-15%) for you to be confident that they represent real differences. As you increase the number of interviews the level of reliability increases, although the rate of improvement tails off considerably once you hit 1000 interviews.





### 4.3 How should the information be collected?

There are four main data collection methods that can be used to conduct a customer satisfaction survey:

- Face to face (in the customer's home)
- Telephone
- Postal
- Online

















The choice of data collection method will depend on a number of key factors that are summarised and discussed below.

#### Level of participation and avoiding bias

Certain types of customer are more likely to take part in a survey than others. For example, customers who are very dissatisfied (or very satisfied) may be more likely to respond to a survey than those in the middle. When this happens the survey findings can be misleading and, as a result, specific actions taken in response to the survey could actually make the overall customer experience worse. Decisions about the data collection method need to be taken to reduce any such bias in the data, for example, by increasing the level of participation or by setting interviewing quotas to make sure the research accurately represents customer views.

In general, data collection methods that involve an interviewer, such as face to face and telephone interviewing, tend to have higher levels of participation. This is because the interviewer is able to persuade the customer to take part there and then, whereas a postal or online questionnaire can be more easily ignored. There are, however, some cases where postal and online surveys can achieve high levels of response, such as when the service is seen as particularly salient or important.

**Response rates for the NHS adult In-patient survey, which is coordinated by the Healthcare Commission and uses a postal methodology, average around 60%. In contrast only 20% of customers responded to a postal survey carried out by the DVLA.**

	Face to face	Telephone	Internet	Postal
Level of participation				
Length of questionnaire				
Length of fieldwork				
Cost				

### Length and complexity of the questionnaire

When the questionnaire is particularly long or complex, the presence of an interviewer can encourage respondents to persevere. Respondents can easily abandon postal and online questionnaires if they feel the questionnaire is too long, although the salience or importance of the service will again have a bearing on whether or not people are prepared to complete long interviews.

In addition to the length of the questionnaire, the type of questions that will be asked can also have an impact on which data collection method should be used. For example, for obvious reasons, it is difficult to use visual prompts in a telephone survey, while postal questionnaires have to be kept very simple in their structure if people are to be expected to fill them in correctly.

### Length of fieldwork

Different methods of data collection will tend to take different lengths of time. Generally speaking, telephone fieldwork can be turned around in the shortest period of time while postal surveys tend to take the longest because reminders and replacement questionnaires have to be mailed out to respondents.

However, there may be instances where postal or internet surveys are actually quicker than a telephone survey. This is because the fieldwork period that is needed for 10,000 postal or web questionnaires is the same as that required for 100 questionnaires, while, with telephone or face to face surveys, an increase in the number of interviews may result in a proportionate increase in the length of the fieldwork period.

### Cost

Whilst there is always an optimal way to collect the data, this needs to be balanced against the budget available for the research.

The most expensive data collection methods are face to face and telephone interviewing because of the need to pay interviewer fees. Of these two methods, face to face interviewing is significantly more expensive than telephone.

Online and postal questionnaires are the least expensive data collection methods, with online generally being the cheapest. One of the main benefits of using online data collection is that the marginal costs of increasing the sample size are negligible.

### Practical issues

One of the most important considerations when choosing a data collection method is what would be appropriate for the service's customers. This can involve assessing both the resources that customers can access and the difficulties that they may have in responding in certain modes.

Obviously, an online survey will only be appropriate if a significant majority of customers have access to the internet and can complete an online survey relatively easily. Whilst most customers will have access to a telephone, certain groups (particularly younger people with low incomes) are less likely to have a landline, so unless mobile phone numbers are available, these customers will be excluded. Choice of method becomes even more important if part of the research focuses on channel preference.

**The first Pension Service Customer Survey in 2003 was conducted face to face as one of the key aims of the research was to understand customers' channel preference in the wake of the switch from Social Security Offices to large scale call centres. As such it was important that the research was as inclusive as possible.**



### **‘Hard to reach’ customers**

Some customers may also have difficulties that mean that certain data collection methods are inappropriate. For example, customers who have difficulty reading, as a result of literacy problems or visual impairment, struggle to complete postal and online questionnaires. The extent to which these considerations impact on the choice of data collection method will depend partly on the scale of the difficulties and partially on the extent to which these difficulties could impact on customers’ use of an organisation’s services. In practice, there will almost always be some specific issues in using most services for customers with reading or hearing difficulties.

**The first Pension Service Customer Survey in 2003 was conducted face to face as one of the key aims of the research was to understand customers’ channel preference in the wake of the switch from Social Security Offices to large scale call centres. As such it was important that the research was as inclusive as possible.**

## ***4.4 How do I know I have got it right?***

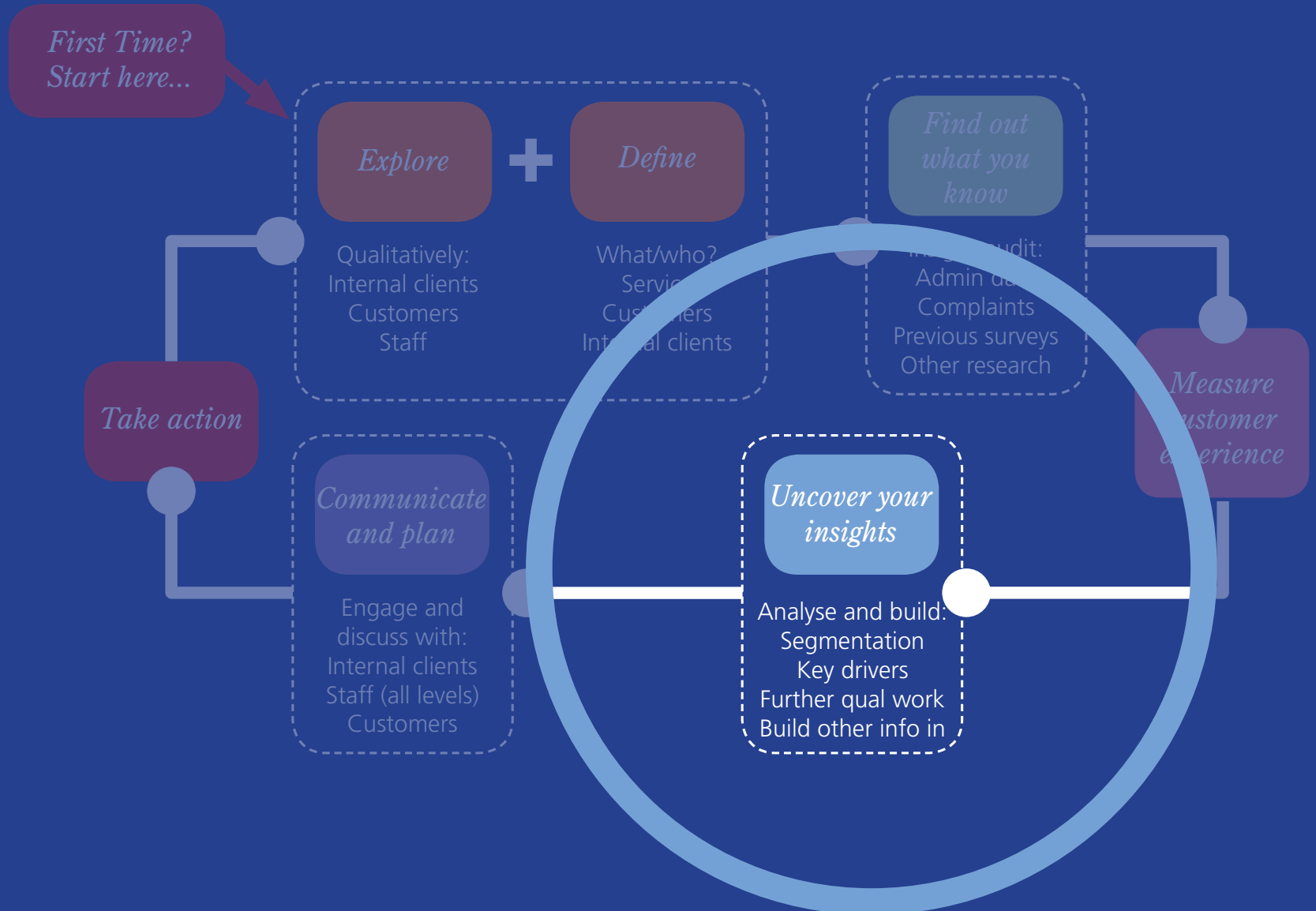
Before a full scale survey is conducted a test version (or pilot) should be run to ensure that the questions used can be understood by customers and that the overall structure of the questionnaire works. This can involve sitting down with individual customers and asking them to talk through the way they understand each question and reach their answers (cognitive piloting) or a full scale fieldwork pilot which tests out all of the research methods on a small scale (e.g. 10-20 interviews) with a researcher listening in to the interviews.



# 5

## How can I get insight from the results?

How can I get insight from the results?



## 5

## *How can I get insight from the results?*



**Collecting the data in the right way and asking the right questions are critical steps along the way to successful customer satisfaction measurement. But the research will only be valuable if it delivers insight that can be used as a basis for service transformation. This section of the toolkit outlines how to use and build on the data you gathered to ensure that it delivers this insight.**

### *5.1 Where do I start?*

A good starting point is to look at the headline findings of the research. At their most basic level headline findings show how customers answered each question. For example, “80% of customers were very or fairly satisfied overall with the service they had received”, “50% of customers had their call answered within 30 seconds”.

### *5.2 Who thinks what?*

Knowing that the views, experiences and satisfaction levels of one sub-group of customers differ from

those of another enables organisations to start formulating a targeted plan of action to improve their services. At a simple level, this analysis might be based on a breakdown of the results by information about customers such as their age, sex, service or channel usage, etc, which has either been collected in the survey or is available on the customer database used to select the survey sample.

Some organisations use pre-defined customer segments to identify differences between customer groups, which can inform how service improvements should be tailored to meet the diverse needs of these groups. These segmentation models might be based on socio-demographic characteristics or more sophisticated classification systems, such as Mosaic or Acorn, which go beyond basic socio-demographics to classify people by their lifestyles, culture and consumer behaviour, based on where they live. While these techniques are more widely used in the private sector, they are gaining credence in local and central government.

The term ‘segmentation’ is also used to describe the statistical technique called ‘cluster analysis’. This approach is commonly used to inform communications strategies, but can also be a useful tool in customer satisfaction measurement to

generate insights about different groups of customers.

If you are thinking of carrying out cluster analysis of your customer survey data, points to note are that:

- The survey needs to have interviewed at least several hundred people – ideally no less than 600, and preferably 1000 or more.
- The sample needs to be representative of the larger customer population.
- The survey needs to contain plenty of demographic and attitudinal information.

In order to better understand headline findings and what they actually imply organisations can compare results with targets that they may have set or with results from previous surveys.

## 5.3 What is driving satisfaction and how?

As discussed in Section 1, just measuring satisfaction is not sufficient to inform service transformation – it tells an organisation how it is doing, but not why it is performing as it is. In addition, it is important to understand the influence of different factors on the customer's experience and how they interact with each other. In order to produce actionable insights, it is also critical to explore these factors in more depth, and to understand how they could be changed in order to improve customer service.

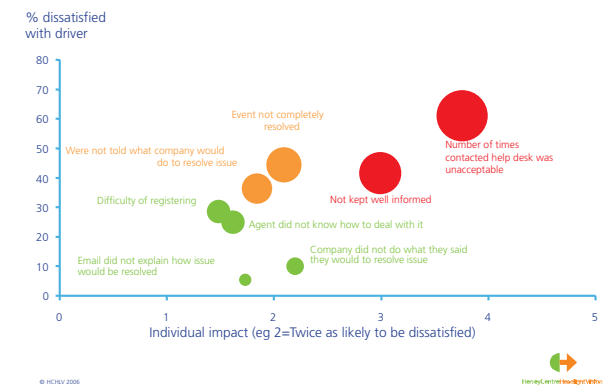
### Key driver analysis

Depending on the level of detail gained from a survey, the list of factors that are likely to contribute to satisfaction can be quite long. However, it is possible to identify which factors have the biggest impact and use this information to target resources effectively. In quantitative customer satisfaction measurement this is usually done using a statistical technique called multiple regression, which is also commonly known as *key driver analysis*.

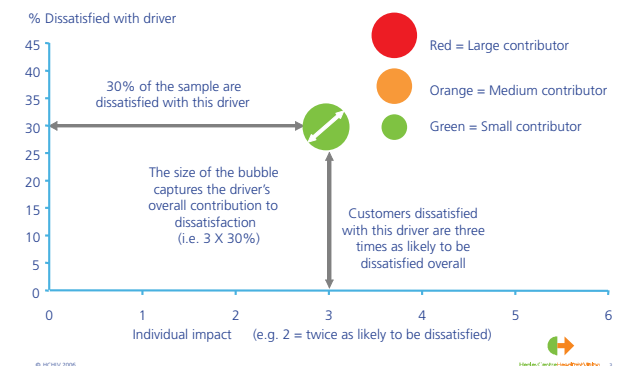
Key driver analysis produces a list of factors that influence satisfaction and an idea of how important each factor is. Results from key driver analysis can be presented in very user-friendly formats to help communicate findings and drive action across the whole organisation. The charts below show how key driver analysis can be displayed visually.

The 'bubble' charts shown here are an example of a really useful format for communicating research findings to diverse audiences within an organisation. In this case, the charts illustrate the drivers of dissatisfaction with a call centre. The size of the bubble captures the driver's overall contribution to dissatisfaction. This type of visual display is very useful for communicating progress over time. In this case, the organisation chose to actively focus on 'shrinking' a small number of the largest bubbles over a three month period, before moving on to others. The analysis was done on a monthly basis, and the charts shared with management and front line staff, so they were all able to understand the progress that was being made.

Example output from modelling  
Drivers of Dissatisfaction with complaint handling



Example output from modelling  
How to interpret a dissatisfaction "Bubble" Chart





The Key Driver analysis described here is based on large scale surveys analysed using statistical techniques. But it is often possible to gain an understanding of what the key drivers for satisfaction might be using qualitative techniques and speaking to front line staff and customers. Bear in mind that, while qualitative techniques will identify key areas, it won't provide measures that allow those areas to be assessed against each other.

### Building in other sources of insight

Analysing headline data and the experiences of different customers can provide useful information, and key driver analysis can identify the priorities for improvement. However, on its own this information will not necessarily be enough to inform service transformation. It is important to build in other sources of insight and not to treat the survey findings in isolation.

Information that is available, such as administrative data, or information from customer-facing staff (see Section 3.4), can be used to provide useful context when interpreting the results.

Carrying out qualitative research after the survey can be an extremely valuable way to explore further the key drivers of satisfaction and inform service improvement plans. For example, you may find that a major driver of dissatisfaction is the difficulty of filling in a form, but there is unlikely to be time in the survey to explore exactly what it is about the form that is difficult. Without this information, you cannot plan improvements. Carrying out follow up qualitative interviews with customers who reported problems in the survey, or for that matter those who were highly satisfied with the service is an effective approach, because you can target the follow up interviews according to particular areas of satisfaction or dissatisfaction that you want to explore. This is an approach used by HMRC, who follow up specific issues raised in their Customer Service Survey to provide more depth and inform change.

## 5.4 What can I compare my results with?

The main benefit of customer satisfaction measurement is to uncover issues that can improve customer service, rather than producing indicators of performance. One question that often gets asked, however, is "x% of customers say they are satisfied with the service, but is this good or bad?" Benchmarking against other sources can help to answer this question. There are two possible ways to do this:

- Comparing over time with previous surveys about the same service
- Comparing with other surveys about other similar services.

### Benchmarking internally over time

'Benchmarking' over time can be useful to see how a service or one aspect of a service has changed. The research method and key questions should remain the same to enable you to see if changes that have been implemented have resulted in improvements in customer perceptions. However, since the service

will be continually under review, and changes will be made, decisions sometimes need to be made to let go of old questions and old data, and move on to measure new more relevant issues that reflect the current service.

**The Identity and Passport Service are currently reviewing their customer survey in order to reflect changes to the passport application process such as interviews for first time applicants. In addition, they are ensuring that improvements to segmentation models can be captured in the customer survey.**

This kind of tracking requires regular surveys but it is important to find the right balance between collecting data so frequently that there is not enough time to action any change, and so infrequently that there are long periods when customer focus can be lost. The

**A new 'Place Survey' is being introduced from 2008 which will replace the Best Value Performance Indicator Survey. This is likely to be undertaken more frequently than the previous survey, and will provide useful data about different local authority areas that will be comparable over time .**

actual frequency will depend on the service in question and the length of time that it takes to implement change.

### **Benchmarking with other services**

Benchmarking across services is only of value if the services are comparable. Different services can rarely be compared easily because the nature of the service and the type of customers that use it will have a strong bearing on customer perceptions. In essence, there is always a risk of 'comparing apples with pears'.

There are cases where comparison is possible, particularly with local services. For example, all police forces provide similar services and comparisons can usefully be made between forces. However, local services respond to local circumstances and local demographics vary considerably. While there are analysis techniques available that can help control for these factors, the most useful comparisons can be made between areas which are demographically similar.

In short, transactional services are more likely to be usefully compared than highly complex services. See chapter 4 of the Guidance for more information.

**In order to compare performance usefully the Police Performance Assessment Framework (PPAF) bands police forces together in "Most Similar" groups. These groupings are based on socio-demographic factors that have a strong link to crime rather than actual crime levels, which will to some degree be a product of police force performance.**



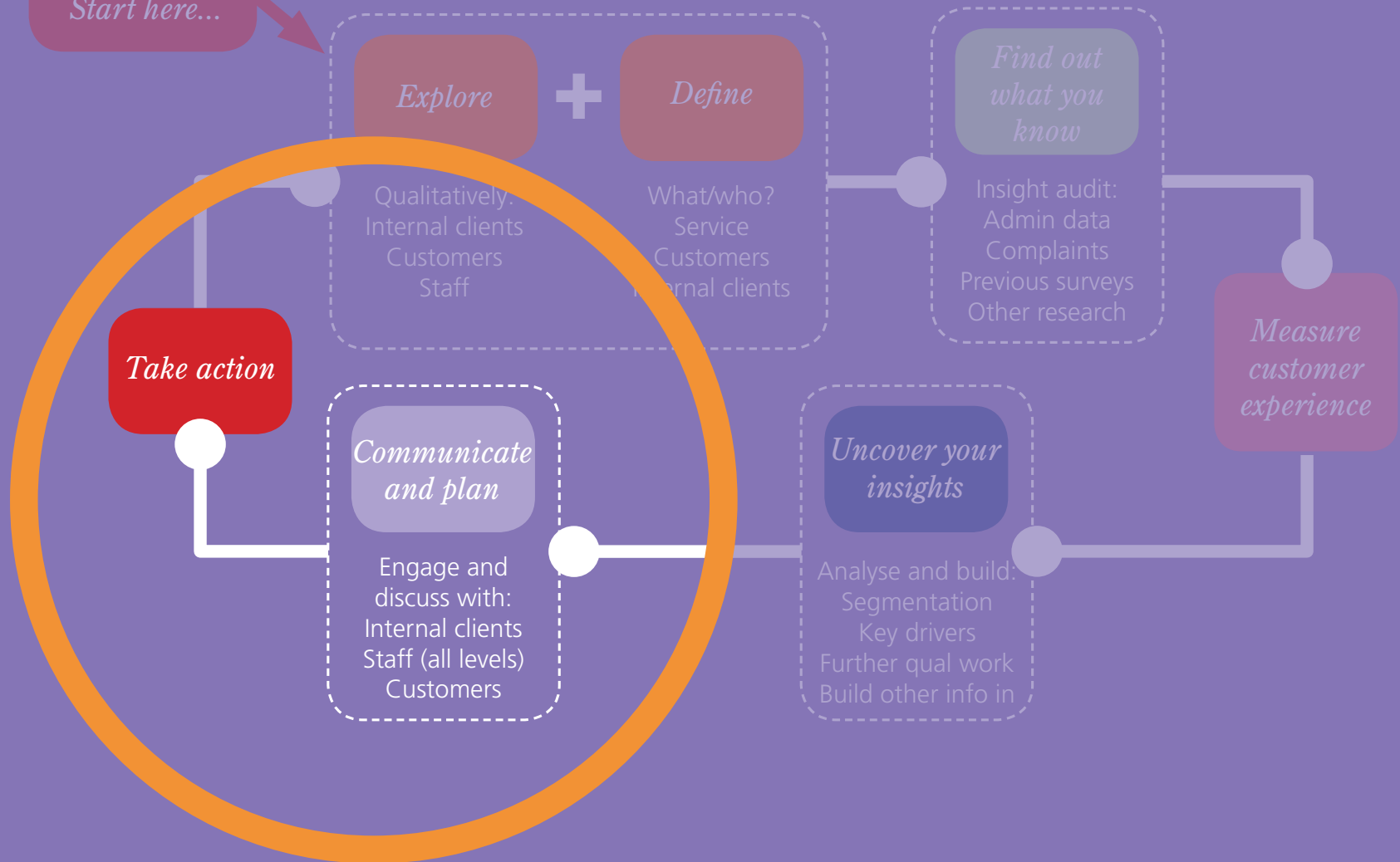


# 6

## How do I communicate and action the results, and then what?

First Time?  
Start here...

How do I  
communicate and  
action the results,  
and then what?



## 6

# How do I communicate and action the results, and then what?



Once the research has been conducted and the key themes identified the next step will be to communicate findings in a concise and actionable manner.

## 6.1 Who should I communicate the findings to?

Generally speaking the findings should be communicated to as wide an audience as possible. This will certainly include the internal stakeholders identified in section 1.2 but will sometimes include customers and other external stakeholders as well.

Ensuring there are no barriers to accessing research information is critical. The findings only have meaning and value if different stakeholders across the organisation are able to engage with and use them. Users need to be able to drill down to their own area of responsibility.

Information sharing tools, such as intranets, are helpful in allowing survey findings to be communicated.

## 6.2 How do I communicate the findings?

Wherever possible the presentation of findings should be tailored to reflect the different needs and interests of different stakeholder groups. For senior audiences the focus should be on the key findings, whilst for customer-facing staff more detailed feedback around their areas of responsibility is likely to be appropriate.

Senior audiences are likely to want to know how is their organisation performing in its customers' eyes; and what can be done to improve things? They will need the information necessary to set targets for transformation. Customer facing staff will need feedback on the direct actions that they need to take to improve the customers' experience.

For an organisation undertaking customer satisfaction research for the first time, a workshop, bringing together diverse stakeholders from across the organisation, can be invaluable at this stage. This allows the results of the research to be shared and the action plan to be jointly agreed - in terms of priorities for change in the short and medium term, and the allocation of responsibilities for pushing through the necessary actions.

Every effort should be made to ensure that senior management feel they are hearing the customer's voice through the research findings. This can be done in a literal sense by playing back audio or video clips of customers that may have been recorded during the qualitative research stage. (NB Consent would need to have been gained from customers in order to do this.)

To illustrate the survey findings verbatim quotes from open questions can be used as an antidote to a succession of charts and graphs. **When presented well the findings of a customer research programme should feel like a "back to the floor" exercise for senior management.**



Research can also identify service areas that are less important for customers and which could be scaled back to save resources.

### *6.3 How do I action the results?*

Having employed the best possible research tools, and used a considered approach to analysing and interpreting the results, you should now have an idea of what the priorities are for changes to the service. Communication of the results up and down the organisation should have helped to develop these ideas into an action plan with which stakeholders are fully engaged. This process should have put the foundations in place for change, so all that remains is to put your plans into action.

### *6.4 And now what happens?*

Once you have acted on the findings of the research, this completes the cycle of improving the customer experience. At the outset you reviewed fully what your service was, who your customers were, and what you already knew. You sought further information to help inform you about issues you needed to explore and provide context. You then designed a customer satisfaction survey suited to your needs that provided you with robust data, and interpreted this data in a way that produced in-depth actionable findings. Communicating these findings to the organisation

helped to produce a workable plan of action that was then implemented. The next step is to go right back to the start, review where you are now, and start a new cycle of research to assess the success of your interventions. Welcome to public service transformation!



# *How to measure customer satisfaction*

A tool to improve the experience of customers

November 2007

